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Report of the Trade and Development Board on its twenty-seventh executive session*
(Geneva, 19 July 2001)

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Chapter I

UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s: ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA

(Agenda item 2)

1. For its consideration of this item, the Board had before it the related report by the Secretary-General of UNCTAD (TD/B/EX(27)/2).

2. The **Secretary-General of UNCTAD**, referring to his participation at the High-level Segment of ECOSOC devoted to Africa, drew attention to the increased ownership of development initiatives by African countries, as exemplified by the establishment of the African Union, the MAP and the Omega Plan. Drawing a parallel with the Marshall Plan, he called on the international community to finance these initiatives through a substantial increase in development assistance and debt relief for African countries. Citing UNCTAD's report on "Capital Flows and Growth in Africa" (UNCTAD/GDS/MDBP/7), he indicated that national savings and investment would eventually rise, bringing increased private flows and thereby reducing aid dependence in the future. The Technical Report of a High-level Panel on Financing for Development (Zedillo Report) had confirmed the findings of UNCTAD on the capital requirements of Africa. The mobility of labour and the liberalization of sensitive sectors such as agriculture were important areas of interest to African countries in the area of trade negotiations. UNCTAD's studies offered substance and a blueprint for action. As for technical cooperation, he drew attention to UNCTAD's role in support of African countries and LDCs in their preparations for trade negotiations, including for the ministerial meeting hosted by the United Republic Tanzania in Zanzibar. The JITAP programme had been a real success and its extension to other African countries had been suggested by the evaluation report and African countries themselves. Equally important was the early implementation of the Integrated Framework. Both programmes required the mobilization of additional resources.

3. UNCTAD's **Special Coordinator for Africa**, in presenting the report on UNCTAD's activities in favour of Africa, drew attention to the results of the workshop held in Cairo in March 2001 on the "Management of Capital Flows". The discussions had concentrated on three sets of issues: the need for and role of foreign capital in developing countries; how to manage the capital account to limit the potential damage from the instability of international capital flows; and the role of financial institutions, and the possible contribution of global standards and codes on governance, competition and transparency in promoting stability and growth. There was a broad preference for greenfield FDI as opposed to mergers and acquisitions or financial inflows, particularly those of a speculative nature. Except for a few countries rich in natural resources, economies in sub-Saharan Africa did not have the requisite human and capital infrastructure needed to attract FDI, and it was unlikely that

foreign capital would be forthcoming in order to allow such countries to develop. External public flows needed to be increased considerably until private flows could eventually replace public ones. Capital account liberalization was neither necessary nor sufficient to attract foreign capital but could bring some of the flight capital back by allowing it to re-exit. However, capital account openness allowed leakage by residents even when there was no serious distortion of incentives. On management of the capital account, strategic as opposed to full integration into the international financial system was preferred. The exchange rate regime adopted could have important implications for capital flows, which could not be dissociated from the capital account regime. The role of regional cooperation for greater financial and exchange rate stability was stressed. On the role of institutions and global standards and codes, while policies and institutions mattered, it often took a debtor and a creditor to create bad debt and a financial crisis. Even developed countries with sound financial institutions and policies were not immune from international speculators. Herd behaviour in these markets and surges in capital inflows could support unsustainable policies leading to currency appreciation and large external deficits. Finally, the risk of promoting a single model of development in the form of new sets of international codes and standards was stressed.

4. The Special Coordinator for Africa informed the Board that UNCTAD's contribution to the final review and appraisal of the implementation of the UN-NADAF, as requested by the General Assembly, was being completed for submission both to the General Assembly and to the Board at its October session. The study being prepared by the secretariat reviewed Africa's economic performance during the 1990s and considered Africa's prospects and advanced policy proposals for reinvigorating growth and development in Africa.

5. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, welcomed the report of the Secretary-General of UNCTAD in connection with the activities carried out in favour of Africa. The analytic information included in the document reflected the reality of the continent; the development achieved in the last decade was not meaningful and hampered the improvement of the living standards of the African peoples. Achieving development, poverty eradication and economic growth should be a high priority for the international community in support of African initiatives, particularly the recent initiative adopted at Lusaka. In the area of trade, African countries continued to grapple with implementation issues in the context of the commitments undertaken during the Uruguay Round. In the field of health, the HIV/AIDS pandemic was taking a catastrophic toll in many African societies, paralysing their economies and ruining their social fabric. Concrete measures should be taken in order to eradicate this problem. Finally, the Group of 77 and China supported the activities of UNCTAD in favour of Africa in areas such as information and communications technologies (ICT), education professional training, health and capacity-building. The international community was encouraged to strengthen its efforts in this regard.

6. The representative of **Senegal**, speaking on behalf of the **African Group**, said that UN-NADAF had been launched to integrate Africa into the world economy, reduce poverty

and place Africa on a sustained growth path with the support of the international community. The results were disappointing. African countries had assumed their responsibilities for the development of the continent, as demonstrated by the MAP and OMEGA plans, synthesized into a New African Initiative at the recent summit in Lusaka. While the modest increase in resources devoted to Africa in the regular budget of UNCTAD was welcome, Africa's special needs would need to be considered in the provision of resources and technical assistance. The JITAP programme was a success not only in providing trade-related technical assistance, but also in the fight for poverty reduction. Its expansion to other African countries was crucial for the integration of African countries into the trading system. While expressing gratitude for donor contributions, he noted that delays in payment to the JITAP budget could harm the programme. As to the Integrated Framework, action was required at an early date to go beyond the pilot stage. Donors were urged to provide UNCTAD with necessary funds for assistance in the preparation of the next WTO Ministerial Conference and for the CAPAS programme, which helped developing countries to attract investment, develop infrastructure and build regional integration. The establishment of the World Trade Point Federation, in which African trade points could play an active role, was welcome, but the small number of operational Trade Points in Africa gave cause for concern. Donors, UNCTAD and ITC should assist African countries in the establishment of Trade Points.

7. The African Group welcomed the action being taken for the implementation of the Plan of Action for the LDCs. The Office of the Special Coordinator for LDCs needed to continue its activities without restriction, pending consultations by the Secretary-General of the United Nations for the implementation of paragraph 116 of the Plan of Action. Equally important was the need to implement the decisions taken in Bangkok with regard to the Sub-Programme on Africa. The UNCTAD secretariat should carry out an analysis of the implementation of the UN-NADAF and the interrelationship between ODA, investment, trade and globalization. More work was also required on the positive agenda in the light of the Ministerial Meeting of the WTO in Doha.

8. The representative of **Belgium**, speaking on behalf of the **European Union**, referring to the choice of the development of Africa as the principal theme of ECOSOC, said that Africa was a priority continent for the EU, which was Africa's first provider of aid and its most important trading partner. The new Cotonou Agreement and the Euro-Mediterranean Partnership were the legal framework for the Euro-African strategic partnership, as strengthened by the Africa-Europe summit in Cairo. The hosting of the LDC III Conference by the EU was further evidence of this relationship. The key principles driving the EU attitude towards Africa were that: the principal responsibility for the development of Africa lay with the continent itself; an integrated approach was required bringing together organizations of the UN system, African countries and their development partners; and a nuanced approach was required which took account both of general development problems and of the diversity among African countries. The UNCTAD secretariat had provided a detailed and comprehensive report, but more detailed information was nevertheless required on the objectives and impact of UNCTAD's activities in favour of Africa. The EU was ready

to assume its responsibilities for the implementation of the results of the LDC III Conference and recognized the role of official development assistance as a catalyst for private flows. Access to markets was an important component of economic development, and the EU was convinced that the "Everything but Arms" initiative for the LDCs and other future partnership agreements would make an important contribution in that respect. The EU was ready to continue its contribution to debt reduction in the framework of the HIPC initiative and to increase its efforts to allow more countries to be eligible, while at the same time calling on African countries to make their own efforts to meet the conditions for eligibility. The EU was ready to meet the challenge of reversing Africa's decline.

9. The representative of **South Africa** said that the 37th Meeting of the Organization of African Unity had adopted the New African Initiative, which affirmed the resolve of African countries to take charge of their destiny, articulated the development priorities of Africa, and called on the international community to join Africa in tackling the challenge. South Africa was organizing the first African Trade Point Forum with UNCTAD's assistance and support, and in that connection, a reduction of UNCTAD's participation in the Trade Point Programme would be detrimental. UNCTAD's contribution under the UNCTAD/UNDP Technical Assistance Programme and CAPAS was appreciated, and UNCTAD needed to continue to work with Africa in preparation for the upcoming WTO Ministerial Meeting. South Africa was pleased with the positive assessment of the JITAP programme and congratulated UNCTAD on the important work done in preparation for LDC III. The implementation of the Plan of Action adopted by LDC III was important, as was the strengthening of the Sub-Programme on Africa.

10. The representative of the **United States of America** said that his country appreciated the efforts by the African Governments to lead the way to their future growth and development. Thanking the UNCTAD secretariat for its report, he called on the secretariat to develop a cohesive strategy to bring together the various programmes of assistance. Finally, he inquired about the plans for the phasing out UNCTAD's involvement in the Trade Point Programme.

11. The representative of the **Organization of African Unity** expressed appreciation for the high quality of UNCTAD's report and welcomed the comments by the Secretary-General. The discussion on the UN-NADAF at the executive session of the Trade and Development Board was timely owing to the adoption of the New African Initiative, designed to provide a common framework for development in the continent. The Constitutive Act of the African Union was to serve as a basis for economic integration and testimony that Africa was ready to assume full responsibility for its destiny. UNCTAD's activities in favour of Africa had provided a model of cooperation designed to meet real needs with respect to both policy analysis and technical assistance. In the context of the final review of UN-NADAF, it was important to increase official financial flows to support African development and to resolve Africa's debt overhang, while at the same time respecting Africa's ownership of the

formulation and implementation of development policy. The New African Initiative had demonstrated the commitment of African leaders and their vision for the continent.

12. The representative of **Egypt** said that there was now an African vision of development that required the support of development partners and international organizations. During the recent session of ECOSOC, the tangible results of UNCTAD's activities in favour of Africa had emerged. In that connection, Egypt had worked closely with UNCTAD in the context of the workshop it had hosted on "Management of Capital Flows". His country also valued the seminars organized by UNCTAD for the training of diplomats in attracting FDI. Egypt had requested the secretariat to prepare a timetable for the expansion of the JITAP Programme to other African countries, and to present it to the forty-eighth session of the Trade and Development Board in October 2001. UNCTAD's 2002-2003 budget had placed more emphasis on Africa, and he called for the strengthening of the Sub-Programme on Africa. Technical assistance needed to be provided to a larger number of LDCs. As regards the Trade Point Programme, Egypt had emphasized that it was important that UNCTAD continue to provide support to existing Trade Points and to the creation of new ones.

13. The representative of **Uganda** thanked the secretariat for its report and for its preparations for LDC III. The mid-term evaluation of the JITAP showed the Programme's usefulness, and its expansion would help to promote its effectiveness and allow the experience of the pilot projects to be used for other countries. Uganda was pleased with the investment policy reviews and urged the provision of technical assistance for follow-up action arising from the reviews.

14. The representative of **Switzerland** reaffirmed the full commitment of Switzerland to the development of Africa. Concerning JITAP, it was important to wait for the final evaluation of the Programme before discussing its expansion. More detailed information on the impact of technical assistance programmes was also required. He queried UNCTAD's response to new requests for the establishment of Trade Points, given that the member States had adopted an exit strategy for the UNCTAD secretariat with regard to the Trade Point Programme.

15. The representative of **Japan** said that the Japanese Government was committed to helping Africa's efforts for its integration into the global economy and the eradication of poverty in the continent. Japan had hosted two conferences on African development – TICAD I and TICAD II – in 1993 and 1998 respectively, both of which had emphasized the concept of African ownership and international support. He welcomed the MAP and the Omega Plans, as well as the Lusaka Initiative. Japan was supportive of both the Integrated Framework, to which it had made contributions, and the JITAP. Japan would be hosting a ministerial meeting in December 2001 in preparation for TICAD III.

16. The representative of **Finland** said that, as Chairman of the Trade Policy Review Body of WTO, he wanted to highlight the importance of cooperation between UNCTAD, WTO and ITC. There had been many trade policy review exercises on African countries, and

while there were problems common to many countries, there were also those specific to individual countries, which increased the importance of technical assistance. The debates in the Trade Policy Review Body of the WTO had attracted broad participation, including African countries. UNCTAD needed to follow the Review Body closely, as the debates there could be inspiring for its technical assistance programmes. It was similarly important that other African countries underwent such reviews which represented a peer exercise in mutual education and understanding.

17. The representative of **Canada** said that Canada was committed to supporting the Integrated Framework and the JITAP Programme designed to integrate countries into the trading system. The latest meeting of the JITAP Board had decided that the consolidation of the Programme would take place by June 2002 and the final evaluation in January 2002. The report on the pilot projects for the Integrated Framework would be completed prior to the WTO Ministerial Meeting in Doha. It was hoped that these reports and evaluations would provide guidelines and indicate best practices for use in other countries.

18. The representative of **Guinea** commended UNCTAD for its contribution to the implementation of the New Agenda for the Development of Africa. African ownership of development plans was becoming more concrete, as demonstrated by the recent initiative of the African leaders, but the support of the international community was also required. The JITAP needed to be extended to other African countries, and all LDCs should benefit from the Integrated Framework. Donors were urged to provide more funds to both programmes.

19. UNCTAD's **Special Coordinator for Africa** welcomed the statements of support and comments by many delegations. In future reports, the secretariat would attempt to provide more information on the objectives and impact of the programmes, as well as an introduction placing UNCTAD's activities in a cohesive framework. UNCTAD would continue its efforts to contribute to Africa's growth and development.

20. The **Head of the Information and Training Branch of the Division for Services Infrastructure for Development and Trade Efficiency** (SITE) said that UNCTAD's exit strategy from the Trade Point Programme included reform of the Global Trade Point Network, fostering of existing Trade Points, the externalization of electronic trading opportunities (ETOs) and the establishment and strengthening of the World Trade Point Federation. He was grateful for the positive response by many African countries to the Programme. The World Trade Point Federation needed representation from every continent. Support for new Trade Points was not a priority, although the secretariat responded to new requests by sending information, referring interested parties to advanced Trade Points for advice and identifying consultants.

Chapter II

OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY BODIES

Agenda item 3

Report of the Working Party on the Medium-term Plan and the Programme Budget on its thirty-seventh session (first part, 15-19 January 2001, and second part, 11-12 June 2001)

21. For its consideration of this item, the Board had before it the following documentation:

(a) Report of the Working Party on the first part of its thirty-seventh session (TD/B/48/2);

(b) Agreed conclusions of the Working Party on the draft programme budget for the biennium 2002-2003 (TD/B/WP/L.100).

22. The representative of **Senegal**, speaking on behalf of the **African Group**, said that one of the major results of UNCTAD X had been the decision to establish a subprogramme for Africa in UNCTAD. The African Group wanted to see the concrete implementation of that decision, with the allocation of the necessary resources, and wanted to be provided with detailed information on that implementation.

23. The representative of **Belgium**, speaking on behalf of the **European Union**, said that the number of vacancies at the senior level of the UNCTAD secretariat was a matter of concern, and corrective action should be taken more quickly. The EU encouraged efforts to enhance vertical and horizontal integration in the secretariat, as well as interdivisional cooperation, especially on cross-cutting issues. Time-sensitive reviews should be carried out on regular budget activities, and indicators of achievement should be used and refined. Administrative activities in the UNCTAD secretariat should be rationalized and streamlined, and regular information should be provided on management matters, possibly through management letters. Finally, thought should be given to streamlining the budget review process.

Action by the Board

24. The Board endorsed the report and the agreed conclusions of the Working Party.

Chapter III

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 4)

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fourth session

25. For its consideration of this item, the Board had before it the following documentation:

> Report of the Joint Advisory Group on its thirty-fourth session (ITC/AG(XXXIV)/188.

26. The representative of **Romania**, speaking in her capacity as **Chairperson of the Joint Advisory Group**, said that, at its thirty-fourth session, the Joint Advisory Group (JAG) had examined ITC's technical cooperation activities in 2000, and the report of the Consultative Committee on the ITC Global Trust Fund. Addressing JAG, the Secretary-General of UNCTAD had noted the important work undertaken by ITC on behalf of LDCs and had expressed concern about the unpredictability of resources. The Deputy Director-General of WTO had commended the contribution of ITC to establishing capacities to integrate developing countries and transition economies into the multilateral trading system, as well as ITC's cooperation with other organizations. The Executive Director of ITC had highlighted the E-trade Bridge, a programme intended to assist SMEs in bridging the digital divide.

27. With regard to technical cooperation, JAG had acknowledged ITC's central role in trade-related technical cooperation and endorsed its proactivity in trade-related capacity building. Several representatives had endorsed a proposal for a comprehensive independent evaluation of ITC with a view to determining ITC's larger role in trade-related technical assistance. With regard to translation of JAG documentation, a request had been made for documentation in the six official UN languages as opposed to the four currently used, while another point of view was that it would be best not to increase administrative costs in such a manner. Finally, she thanked the Governments of Canada, China, Denmark, Finland, France, India, the Netherlands, Norway, Sweden and Switzerland for the voluntary contributions they had announced.

28. The representative of **Senegal**, speaking on behalf of the **African Group**, emphasized the importance of JITAP. Given the problems faced by developing countries in international trade, for example in respect of tariffs, non-tariff barriers and heightened competition, capacity-building programmes like JITAP had to be pursued. As had been stated repeatedly by his Group, JITAP should be extended to other beneficiaries, and a detailed timetable should be drawn up to that end.

Action by the Board

29. The Board took note of the report of the Joint Advisory Group on its thirty-fourth session.

Chapter IV

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of session

30. The twenty-seventh executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 19 July 2001. The session was opened and chaired by Mr. Nathan Irumba (Uganda), Vice-President of the Board.

B. Bureau of the twenty-sixth executive session

31. There being no change in the elected officers of the Bureau since the forty-seventh session, the Bureau of the Board at its twenty-seventh executive session was as follows:

President:	Mr. Camilo Reyes Rodriguez (Colombia)
Vice-Presidents:	Mr. Andrea Negrotto Cambiaso (Italy)
	Mr. Oguz Demiralp (Turkey)
	Mrs. Absa Claud Diallo (Senegal)
	Mr. Petko Draganov (Bulgaria)
	Mr. Koichi Haraguchi (Japan)
	Mr. Nathan Irumba (Uganda)
	Mrs. Savitri Kunadi (India)
	Mr. Roberto Lavagna (Argentina)
	Mr. George E. Moose (United States of America)
	Mr. Vasily Sidorov (Russian Federation)
Rapporteur:	Ms. Uchanya Wichayachakorn (Thailand)

C. Adoption of the agenda

(Agenda item 1)

32. The Board adopted the provisional agenda for its twenty-seventh executive session (contained in TD/B/EX(27)/1). The agenda was thus as follows:

1. Adoption of the agenda
2. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Activities undertaken by UNCTAD in favour of Africa

3. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
   - Report of the Working Party on the Medium-term Plan and the Programme Budget on its thirty-seventh session (first part 15-19, January 2001, and second part, 11-12 June 2001)
4. Other matters in the field of trade and development:
   - Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fourth session
5. Other business
6. Report of the Board on its twenty-seventh executive session

D. Other business

(Agenda item 5)

33. The Board approved the provisional agenda for its forty-eighth session (see annex I).

E. Report of the Board on its twenty-seventh executive session

(Agenda item 6)

34. The Board authorized the Rapporteur to complete the report on its session under the authority of the President.

Annex I

PROVISIONAL AGENDA FOR THE FORTY-EIGHTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:
   (a) Election of officers
   (b) Adoption of the agenda and organization of the work of the session
   (c) Adoption of the report on credentials
   (d) Provisional agenda for the forty-ninth session of the Board

2. Interdependence and global economic issues from a trade and development perspective: financial stability: reform of the international financial architecture and the role of regional cooperation

3. The Programme of Action for the Least Developed Countries for the Decade 2001-2010:
   (a) Outcome of the Third United Nations Conference on the Least Developed Countries
   (b) Towards the development goals defined in the Programme of Action for the Least Developed Countries for the Decade 2001-2010

4. UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: economic development in Africa: performance, prospects and policy issues

5. Technical cooperation activities:
   (a) Review of the technical cooperation activities of UNCTAD
   (b) Consideration of other relevant reports: report on UNCTAD's assistance to the Palestinian people

6. Other matters in the field of trade and development:
   Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law

7. Institutional, organizational, administrative and related matters:
   (a) Preparatory process for the Mid-term Review in 2002
   (b) Review of the calendar of meetings
   (c) Membership of the United Nations Conference on Trade and Development and the Board
   (d) Membership of the Working Party for the year 2002
   (e) Administrative and financial implications of the actions of the Board

8. Other business

9. Adoption of the report.

Annex II

ATTENDANCE *

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Argentina
Australia
Austria
Azerbaijan
Bangladesh
Belgium
Bulgaria
Canada
China
Colombia
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Czech Republic
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Gabon
Germany
Guinea
Honduras
India
Indonesia
Iran (Islamic Republic of)
Ireland
Israel
Italy
Japan
Jordan
Libyan Arab Jamahiriya
Madagascar
Malaysia
Malta
Netherlands
Nicaragua
Nigeria
Pakistan
Panama
Peru
Philippines
Republic of Korea
Russian Federation
Senegal
Singapore
Slovakia
South Africa
Sri Lanka
Switzerland
Turkey
Uganda
Ukraine
United Kingdom of Great Britain and Northern Ireland

* For the list of participants, see TD/B/EX(27)/INF.1.

United States of America
Uruguay
Venezuela
Viet Nam
Yugoslavia

2. The Holy See was represented as observer at the session.

3. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
European Community
Organisation internationale pour la francophonie
Organization of African Unity
Organization of the Islamic Conference
South Centre

4. The following specialized agency and related organization were represented at the session:

United Nations Industrial Development Organization
World Trade Organization

5. The International Trade Centre UNCTAD/WTO was represented at the session.

6. The following non-governmental organizations were represented at the session:

General Category

Exchange and Cooperation Centre for Latin America
International Organization for Standardization
World Vision International